

FD-203
(1-10-47)~~SECURITY INFORMATION~~ - CONFIDENTIAL

DFB 7-3565

FEDERAL BUREAU OF INVESTIGATION

FORM No. 1
THIS CASE ORIGINATED AT

CHICAGO

FILE NO.

REPORT MADE AT ALBANY, NEW YORK	DATE WHEN MADE 4/18/52	PERIOD FOR WHICH MADE 4/7/52	REPORT MADE BY [REDACTED]	FROM POM
TITLE DR. LAJOS SCHMIDT		CHARACTER OF CASE SECURITY MATTER - X		
SYNOPSIS OF FACTS: <p>ESTHER de FUSNA, former employee of U. S. Military Mission, Budapest, Hungary, acquainted with subject and wife, MADGE SCHMIDT. MADGE SCHMIDT formerly employed at U. S. Military Mission and U. S. Consulate in Budapest. Subject's wife allegedly escaped from Hungary with aid of U. S. Diplomatic personnel and subsequently travelled through Germany and Italy, later residing in Dominican Republic with subject who was allegedly employed as personal secretary to a munitions factory owner. Subject allegedly forced to leave Dominican Republic for unknown reasons. Additional background information known to de FUSNA set out. Subject presently residing in Chicago, Illinois, where employed by unknown attorney.</p>				
<div style="border: 1px solid black; padding: 5px; display: inline-block;">MICROFILMED JUL 22 1967 DOC. MICRO. SER.</div>				
- RUC -				
DETAILS: <u>AT TRIANONLE, NEW YORK:</u> <p>Mrs. ESTHER de FUSNA furnished the following information to the writer on 4/7/52.</p> <p>She identified a photograph of the subject and wife as being identical with Mrs. MADGE SCHMIDT, who had formerly been employed by the U. S. Military Mission in Budapest and the U. S. Consulate in Budapest, Hungary, and Mrs. SCHMIDT's husband. She said that the English equivalent of LAJOS is LOUIS and that LAJOSNE SCHMIDT or SCHMIDT LAJOSNE would be translated as Mrs. LOUIS SCHMIDT.</p>				
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SOURCES/METHODS EXEMPTION 3B26
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

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She said that she has known MADGE SCHMIDT since approximately 1941, having become acquainted with her through MADGE's sister, Mrs. JOHN NAGY, 35 Brookside Avenue, New Brunswick, New Jersey. She also said that she had last seen Mrs. JOHN NAGY on Tuesday, April 1, 1952, in New York City, at which time they had discussed MADGE SCHMIDT and her husband, LAJOS SCHMIDT.

She said that MADGE SCHMIDT came from a wealthy family in Hungary, her maiden name having been SZAKATS. Her father, LAJOS SZAKATS was a prosperous contractor who is presently enroute to the United States.

Mrs. de BUSNA said that in 1946, she had been contacted by MADGE SCHMIDT at various times relative to securing employment at the U. S. Military Mission in Budapest. At that time, Mrs. de BUSNA was an employee of the U. S. Military Mission. She said that in 1946, she did help the subject's wife gain employment at the mission. She said at this time Mrs. SCHMIDT was in extreme financial necessity and that she knew Mrs. SCHMIDT to be thoroughly familiar with English and several other languages and she felt she would be of value to the Military Mission. de BUSNA said that she left the employ of the U. S. Military Mission a few weeks after MADGE SCHMIDT was fired and therefore, had little knowledge of SCHMIDT's activities while employed by the mission. She said that to the best of her knowledge, MADGE was not an agent of the Hungarian Kapo. She said that she had never heard JULIA SOMSSICH, who was also employed by the Military Mission at Budapest, mention MADGE SCHMIDT in any way.

de BUSNA said that MADGE SCHMIDT had been accused by the Hungarian Government of acting as an espionage agent for the United States. She said that this received wide publicity in the Hungarian newspapers and on the Hungarian radio, and that as a result of this publicity, her father's property was confiscated by the Hungarian Government. After the accusations of espionage by the Hungarian Government, de BUSNA said that she had heard that MADGE SCHMIDT was smuggled from Hungary by members of the United States Diplomatic Service through use of a false passport. She said that it was her

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understanding that SCHMIDT first went to Salzburg where she stayed for six weeks. From there she went to Munich, Germany, then back to Salzburg and ultimately to Italy. According to de BUSNA, SCHMIDT travelled as the wife of some Italian diplomat. She believed MADGE SCHMIDT lived in Italy with her husband, LAJOS. She was uncertain as to the length of time that they lived in Italy but said that some time later, both LAJOS and MADGE SCHMIDT went to the Dominican Republic.

de BUSNA also said that MADGE SCHMIDT has been in contact with a former employee of the U. S. Consulate in Hungary since coming to the United States. She was not sure of the identity of this former diplomatic employee but said that he lives in New Jersey and she believes that he was either a former Vice-Consul or a Secretary at the U. S. Legation or Consulate in Budapest. She also believes that this former diplomat was ordered to leave Hungary by the Hungarian Government. She said that she believes his name begins with K and suggested the name KOVAC. She was not positive as to the name of the diplomat though.

She also said that she had heard that the FBI had talked to MADGE SCHMIDT in New Brunswick, New Jersey. She could furnish no further information relative to this alleged contact of SCHMIDT by the FBI in New Jersey.

She furnished the following information relative to LAJOS SCHMIDT. She said that he has never held any particular job, preferring to live off his family and off of MADGE SCHMIDT. She said he is extremely cruel to MADGE SCHMIDT and she has often wondered why they continue to live together as man and wife. LAJOS is the son of Dr. LAJOS SCHMIDT, who is head physician of a large hospital in Budapest. She believed that he is a heart specialist at the present time and said that he is an extremely religious man, affiliated with the Roman Catholic Church in Hungary whose religious fervor during a period shortly after World War II had almost caused his family to have him placed in an asylum. She said that SCHMIDT's father is undoubtedly a member of the Communist Medical Society in Budapest, since professional men were forced to join these societies in order to continue

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in their practice. However, she said that she has no actual knowledge as to any sympathies which he might have at the present time. With respect to LAJOS SCHMIDT's mother, she said that she is an extremely domineering person and that LAJOS is extremely faithful to her and will do anything that is requested of him by his mother.

She said that she had also heard from her husband that LAJOS had told her mother subsequent to her departure from Budapest that he would be able to help or perhaps would be able to secure a release of her husband, PAUL, who was imprisoned by the Communists in Hungary. She said that he had requested a sum of money which would be necessary to him in order to effect this release of her husband. She said that to her knowledge, her mother did not give LAJOS any money but that she would be unable to substantiate this since her mother is now deceased. She said that he had apparently implied to her mother that he had some connections with the regime in power which would enable him to help secure the release of her husband, PAUL. She said that to her knowledge, however, LAJOS had never participated in any Government or political activities while she had known him.

She said that LAJOS had been imprisoned by the Nazis at the time they occupied Hungary since he was part Jewish and that he was also imprisoned by the Russians after World War II. She said that she believed he was imprisoned at a prison located on Vacsi Street in Budapest. She said that he had served his term and was released.

She said that she considered LAJOS to be a person of poor moral character but that in all fairness to him she knew of no affiliations with the present Hungarian Regime.

de MUSNA said that when she was coming to the United States from Budapest, while in Paris, she met a sister of LAJOS, CATHERINE SCHMIDT, whom she described as a genuine adventuress. She said that CATHERINE has travelled throughout the world without a passport and had managed to get to Paris from Hungary with the Hungarian delegation which was negotiating a peace treaty.

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She said that CATHERINE was going to Rome from Paris since she had a friend at the Hungarian Consulate in Rome. She also said that CATHERINE was in Chicago in the recent past since she introduced LAJOS to his present employer in Chicago. She said that she believes she is presently in Australia and is said to have married an Australian whom she met in Chicago.

She also said that prior to 1945 she had met CATHERINE in Budapest and CATHERINE wanted to know some officer in the U. S. Military Mission or to secure a job at the Military Mission. According to de BUSNA, CATHERINE said that she had some business she wanted to do with the U. S. Military Mission.

She described CATHERINE as being in her 20s, dark complected, narrow face, attractive, dark brown hair, 5' 4" to 5' 5", under 115 pounds, vivacious, lively, speaks several languages.

de BUSNA said that MADGE SCHMIDT has a brother, GEORGE SZAKATS, who was "all set" for immigration to the United States when he disappeared in Paris two or three months ago. According to her, GEORGE was probably "shanghaied" back to Hungary by the Hungarian Communists. He is divorced, his former wife's first name being VERA. She is said by de BUSNA to have been a friend of MADGE's and both of them live together in an apartment in Budapest and never were compatible. She said that VERA, last name unknown, is half Russian and had contacts with the Russians in Budapest. Mrs. de BUSNA said VERA apparently suggested to MADGE that there was some black market business or some other nefarious business to be done in Budapest. She said that MADGE SCHMIDT would never go along with anything like that.

de BUSNA said that subject, LAJOS SCHMIDT, is presently employed in some attorney's office in Chicago. She said that he is also attending some university or college. She does not know the name of the college nor does she know what he is studying.

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LAJOS and MADGE have been in New Brunswick, New Jersey recently where they visited MAINE's sister, Mrs. JOHN NAGY.

With respect to subject's employment in the Dominican Republic, she said that LAJOS was said to have been employed as personal secretary to the manager or owner of a factory. She said that she believed this was a munitions factory and said that she had heard the subject became involved in some trouble which necessitated his sudden departure from the Dominican Republic. She could furnish no further clarifying information relative to subject's employment in the Dominican Republic or his departure from the Dominican Republic.

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FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

CHICAGO

FILE NO.

FBA

REPORT MADE AT
NEW YORK
DATE WHEN MADE
May 27 4/24, 20, 21, 25, 27, 28, 29, 30, 5/13, 14, 20/52
REPORT MADE BY
EDWARD W. BUTLER, JR.

TITLE
**DR. LAJOS SCHMIDT, wa; Louis Schmidt;
MAGDA SCHMIDT, nee Szakats, wa; Magda
Schmidt, Mrs. Bojanne Schmidt,**
CHARACTER OF CASE
INTERNAL SECURITY - RU

Mrs. Louis Schmidt

SYNOPSIS OF FACTS:

Subjects, husband and wife, natives of Hungary, recently came to United States from Dominican Republic where husband alleged to have organized opposition and sabotage group in Dominican Republic arsenal. Wife reported to have been Hungarian KAPO agent while employed by United States Military Mission, Budapest, Hungary, 1946.

MICROFILMED

JUL 22 1967

DOC. MICRO. SER.

- RUC -

DETAILS:

The title of this case has been marked changed to reflect the addition of subject, Dr. LAJOS SCHMIDT'S wife's name and aliases, namely, MAGDA SCHMIDT, nee SZAKATS, wa; MAGDA SCHMIDT, Mrs. LAJOS SCHMIDT, Mrs. LOUIS SCHMIDT.

The following information was received November 29, 1951 from Confidential Informant T-1, of known reliability, but whose source is unknown:

"I learned that Dr. Lajos Schmidt came to this country with his wife, Magda Schmidt - Maiden Name Szakats, born in Budapest July 22, 1920, Father: Lajos Szakats - Mother: Cecelia Szakats Boyer.

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DFB 73564

FEDERAL BUREAU OF INVESTIGATION

SECURITY INFORMATION - CONFIDENTIAL

Form No. 1
THIS CASE ORIGINATED AT CHICAGO

REPORT MADE AT CHICAGO, ILL.	DATE WHEN MADE 6/5/52	PERIOD FOR WHICH MADE 6/8, 17/28-30; 6/4/52	REPORT MADE BY AUGUST KAYNE AK:pfm
TITLE DR. LAJOS SCHMIDT, wa. Louis Schmidt; MAGDA SCHMIDT, nee Szakats, was. Magda Schmidt, Mrs. Lajos Schmidt, Mrs. Louis Schmidt			CHARACTER OF CASE INTERNAL SECURITY - HU
SYNOPSIS OF FACTS: <p>Dr. LOUIS SCHMIDT resides at 5703 S. Kenwood Ave., Chicago. Currently attending summer session at Chicago Kent College of Law, and employed in law firm of Baker, McKenzie and Hightower, 1 N. LaSalle St., Chicago. SCHMIDT in 1950 expressed anti-Communist sentiments. Subjects unknown to informant acquainted with general Hungarian activities in Chicago area.</p>			
- P -			
DETAILS: <p>On July 29, 1952, T-1, of known reliability, advised that Dr. LOUIS SCHMIDT is currently attending the summer session of the Chicago Kent College of Law, 10 N. Franklin St., Chicago, having enrolled at that institution of learning in February, 1952. According to the records at this college, SCHMIDT resides at 5703 South Kenwood Ave., Chicago, and is employed in the law firm of Baker, McKenzie and Hightower, 1 N. LaSalle St., Chicago. His birth place was indicated as Budapest, Hungary, and the records reflected that he had obtained a doctor's degree in law from the University of St. Elizabeth Peer in Budapest.</p> <p>T-2, of known reliability, advised in January, 1951, that SCHMIDT had expressed anti-Communist sentiments in discussing the events in Korea. Accord-</p>			
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ing to the informant SCHMIDT had expressed "dread concerning events in Korea", stating that "communism desires not only to occupy Korea, but the entire world."

SCHMIDT also informed T-2 that his father was forced out of "OTI (Hungarian social security)", which necessitated SCHMIDT's sending packages to keep "those at home in financial balance."

T-3, of known reliability, who is acquainted with general Hungarian activities in the Chicago area, advised on August 4, 1952, that the subjects were unknown to him.

Neither the files of the Chicago Police Department nor those of the Chicago Credit Bureau, as checked by SE HUGH M. BARNHARDT on July 29, 1952, contained any record for either subject.

Information Concerning
FELICIA JAMES

The records of the Immigration and Naturalization Service, Newark, New Jersey, reflected the subjects' residence as in care of Miss FELICIA JAMES, 5703 South Kenwood Ave., Chicago, Illinois. On July 20, 1952, SA AUGUST KAYNE examined the listings on the mail boxes at that address and located the name of (Miss) ALICE P. JAMES, who may be identical with the aforementioned individual.

The files of the Chicago Office contain no pertinent data identifiable with either the name FELICIA JAMES or ALICE P. JAMES.

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"My information is that Dr. Schmidt had and still has communist affiliation, and that his father is still a member of the Communist Medical Society in Budapest. I also learned that the mother of Dr. Schmidt travelled freely from Budapest to Italy and back, which is suspicious under the prevailing circumstances.

"I also learned that Dr. Schmidt, who resided in the Dominican Republic up to a few months ago, received and sent mail to Budapest via diplomatic pouch through Rome, Italy.

"Dr. Schmidt was employed by the Government Arsenal in the Dominican Republic and was dismissed. I learned that he organized an opposition and sabotage group and he started to make trouble after he learned that a mission from the United States Government came to the Dominican Republic to inspect the Arsenal and to negotiate for production of arms and ammunition for the U.S. Department of the Army.

"As I am informed, Dr. Schmidt at the present time supposedly resides -

"c/o John Wagy
25 Broadway Avenue
New Brunswick,

and of
"I also learned that Mrs. Schmidt is the head of the Dominican Republic office of an outfit which sells ~~insurance~~ ~~equipment~~, the name of which is Agrupacion de Seguros ~~London Amsterdam~~ ~~British~~ Corporation. The owners are Messrs. ~~Samuel~~ ~~McKinnis~~, and ~~Hichter~~, all from Chicago, Ill."

John H. Wagy 105-3861
T-1 also stated on November 29, 1951 that Dr. LAJOS SCHMIDT was born April 21, 1920 in Budapest, Hungary, the son of Dr. LAJOS SCHMIDT and GISELLA SCHMIDT, nee ADORJAN. T-1 further stated that he knew personally that as of about November 1950 Dr. SCHMIDT's general reputation in the Dominican Republic was none too good.

Further of Dr. Lajos SCHMIDT

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At NewYork, New York

On February 14, 1952 Confidential Informant T-1 furnished a comparatively recent photograph of Dr. LAJOS SCHMIDT and his wife, MAGDA SCHMIDT. T-1 was unable to furnish any better address for Dr. SCHMIDT and his wife than the one previously furnished.

SA ROBERT H. HAGAN noted that the current New Brunswick, New Jersey, telephone directory lists a JONAS HAGE residing at 35 Brookside Avenue.

On February 20, 1952 Confidential Informants T-2 and T-3, both of known reliability, who are acquainted with many of the persons of Hungarian descent in New York and the vicinity did not know either Dr. SCHMIDT or his wife.

Confidential Informant T-4, of known reliability, who was employed as a clerk at the United States Military Mission, Budapest, Hungary, in 1945 and 1946, admitted in a signed statement dated October 3, 1946 at New York City, that she had sold United States Military Mission information to the Hungarians. T-4 also stated at this time that she was acquainted with Mags Mrs. MADGE SCHMIDT, a fellow employee at the Mission. Mrs. SCHMIDT'S address as of October 1946 was c/o United States Military Mission, 18 Kosuth Lejos ter 2, Budapest, Hungary.

On February 13, 1947 T-4 made available a letter dated January 13, 1947 sent to her by Mrs. MADGE SCHMIDT with the return address "Magda Schmidt, Paszetti ut 97, Budapest, Hungary". In the letter MADGE SCHMIDT speaks of "she and Louis" and mentioned that she was now working in the Consulate Visa Section of the American Embassy, Budapest. ("MAGDA" can be translated from Hungarian to English as "MADGE" and "LAJOS" as "LOUIS".)

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On September 25, 1946 Confidential Informant T-5, of known reliability, stated that on September 4, 1946 he had been advised by an informant, who had been until shortly before September 4, 1946 connected with the Offensive Section of the Katoni Politikai Oszaly (KAPO), Military Political Division of the Hungarian War Ministry, Budapest, Hungary, that T-4 was an agent of the KAPO controlled by one Colonel GAT and that she reported both to GAT and to GAT's secretary, a woman known as LIVIA MILUTINOVICS. The Informant also stated that in connection with employment at KAPO he had heard the name of SCHENICH (JULIA SCHENICH, who was recommended for employment at the United States Military Mission, Budapest, Hungary, by T-4) and SCHMIDT (Mrs. LAJOSNE SCHMIDT, aka: Mrs. MAGDA SCHMIDT, also recommended for employment at the United States Military Mission, Budapest, Hungary, by T-4), and knew that they were agents of the KAPO.

In August 1948 Confidential Informant T-6, of known reliability, furnished the following information received from sources believed to be reliable:

From May 1947 until July 1947 one JOSEPH KUSKO, born August 13, 1926, was employed by the American Legation, Budapest, Hungary, as a part-time employee. His termination was the result of a reduction in force. From July 1947 until December 1947 he was employed as a part-time chauffeur and handy man for Legation personnel. In December 1947 KUSKO was discharged by Legation personnel when a reliable Hungarian recognized KUSKO as an alleged Hungarian police agent.

In June 1947 Mrs. MAGDA SCHMIDT, an employee of the Passport Section of the American Consulate, Budapest, and a former employee of the Allied Control Commission, Budapest, Hungary, reported to KUSKO's superiors at the Legation that she had recognized KUSKO as a person she had met in the Spring of 1945 when she went to the Russian Kommandatura, Budapest, to protest the taking over by the Communists of a villa owned by her father. KUSKO specifically asked her if she would be willing to become the mistress of a Russian colonel stationed in the Russian-aimed villa. She refused and the matter was considered closed. KUSKO's superiors stated at that time there was no proof that KUSKO was

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a Communist or a Hungarian agent, but the matter would be taken under consideration.

In July 1951 T-6 furnished the following information received from sources believed to be reliable:

As of May 25, 1951 one Mrs. MAGDA SCAKABS de SCHMIDT was Secretary-Treasurer of a Ciudad Trujillo, Dominican Republic firm known as Compania Importadora Exportadora de Maquinaria y Textiles, S per A (CIEMT), which company was established to purchase finished cotton textile goods in Mexico for sale in the Near East, principally Iran.

In September 1951 Confidential Informant T-6 furnished the following information received from sources believed to be reliable:

In August 1951 one MAGDA SCHMIDT was affiliated with a firm in Ciudad Trujillo, Dominican Republic, known as the London Amsterdam Zurich Assurance Group, aka Lanag, which firm had become involved in a legal controversy with the Dominican Government.

The following descriptions were furnished by Confidential Informant T-1 on November 29, 1951:

Name	DR. LAJOS SCHMIDT
Sex	Male
Race	White
Age	32 years (born 4/23/20 in Budapest, Hungary)
Height	6'
Weight	175 lbs.
Hair	Dark blond
Build	Slender
Dress	Well dressed, wears sport clothes very well
Father	DR. LAJOS SCHMIDT, Budapest, Hungary
Mother	GENEVA SCHMIDT, nee ADORJAN

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Name	MAGDA SCHMIDT, nee SZAKATS,
aka:	Mrs. LAJOSNE SCHMIDT
Sex	Female
Race	White
Age	31 years (born 7/22/20 at Budapest, Hungary)
Father	of. <u>MAGDA SCHMIDT</u> LAJOS SZAKATS
Mother	M. Magda SCHMIDT CASILLA SZAKATS, nee RAYNE

A negative and two photographs of Dr. LAJOS SCHMIDT and his wife, MAGDA SCHMIDT and a copy of Bureau letter to New York, Albany and Newark, dated May 6, 1952 are enclosed for the Chicago Office.

ENCLOSURES FOR CHICAGO

1. A negative and two photographs of Dr. LAJOS SCHMIDT and his wife, MAGDA SCHMIDT.
2. Copy of Bureau letter to New York, Albany and Newark, dated May 6, 1952.

In [redacted] with so's
born [redacted] Schmidt.

Now in AUSTRALIA.
Sister of a former
agent of ours.

Hungary, [redacted] [redacted] R/Allen.